

Bureaucracy at the Border: The Congressional Fragmentation of US Foreign Aid

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October 11, 2018

Abstract

Foreign policy is more controllable and effective when fewer bureaucracies are involved. However, the United States spreads foreign aid authority across dozens of independent agencies with overlapping and sometimes conflicting agendas. Why is US foreign aid often so fragmented despite the costs? Conventional wisdom assumes a linear trend in fragmentation and accounts for it with time-invariant explanations. However, the reality is more complicated: foreign aid fragmentation has risen and fallen over time, seemingly unpredictably. I explain aid fragmentation as a byproduct of vote-buying within Congress. When the spread of moderate legislators is greatest, leadership must fund pet projects in order to pass a foreign aid bill. This increases aid's fragmentation. In contrast, when the majority party is homogeneous or parties' preferences are aligned, congressional leadership can pass foreign aid bills with relative ease, decreasing fragmentation. By underplaying variation over time, previous explanations overlook fragmentation's roots in congressional bargaining.

1 Introduction

Scholars and policymakers have long agreed that fragmenting foreign aid—breaking up aid funding into many independent agencies—is a costly endeavor. Not only can foreign aid fragmentation impede coordination and burden a recipient’s bureaucracy, but it can also cause a donor state to lose centralized control of its own foreign policy. Even when agencies specialize to maximize effectiveness, aid policy is most effective when a single umbrella agency is enlisted to coordinate and control the rest. Nevertheless, the United States persists in spreading foreign aid authority thinly among dozens of bureaucracies with overlapping and sometimes conflicting agendas. Why is US foreign aid often so fragmented? Conventional explanations of aid fragmentation suggest factors that vary little over time, such as politicians’ wish to claim credit for creating a new agency, frustration with existing foreign aid tools, and bureaucracies’ incentives to get a share of the foreign aid budget. Such time-invariant explanations would suggest a linearly increasing or flat trend in foreign aid fragmentation. However, the empirical reality is that the fragmentation of US foreign aid rises and falls over time, requiring an independent variable that also varies. Explanations for aid fragmentation cannot be constant if fragmentation is a variable. So what explains trends in US foreign aid fragmentation?

I argue that US foreign aid fragmentation is a byproduct of so-called “vote-buying”¹ within Congress. The root of fragmentation lies in its lack of a natural constituency among rank-and-file legislators, requiring agenda-setters to fund agency-level pet projects to pass a foreign aid bill. Congress’s power of the purse gives its leadership a unique opportunity to mold foreign policy through foreign aid. In order to elevate the status of the legislative branch and maintain some control over foreign policy, congressional leadership often must resort to nontraditional measures to gain support among legislators. These measures include

¹In the congressional politics literature, “vote-buying” generally refers to the side payments paid to some legislators in exchange to voting for a piece of legislation. It is not to be confused with other forms of vote-buying commonly considered in the comparative literature on developing democracies, in which corrupt officials pay citizens for their votes in general elections.

offering side payments, which tie district- or individual-level benefits to lawmakers' support for a foreign aid bill. Among many forms of side payment is the one I focus on here: the diverting of foreign aid funds to small agencies—or the creation of entirely new agencies and programs—whose agendas and interests benefit a specific district-wide constituency. Smaller aid agencies can be very specific about their procedures, rules, and interests. Therefore, districts that benefit most from a certain type of foreign aid policy can often better realize these preferences through smaller agencies and programs. This gives some legislators reason to prefer a specific agency for foreign aid delivery.

When a legislator prefers one aid agency over another, central decision-makers in Congress can use those preferences to their own advantage. In order to convince pivotal legislators to support the leadership's foreign policy agenda, leaders can divert part of the aid budget to those legislators' pet projects as a form of side payment. However, the side payments have a cost: as more pet projects are funded, aid fragmentation will increase. I consider the diverting of aid funding to pet-project bureaucracies as analogous to other forms of distributive politics, such as legislative earmarking. When funding is diverted to a legislator's pet-project, he can be sure that policy and distributive outcomes favor his own district's preferences. The main theory developed in this paper outlines how political factors shape a donor's aid fragmentation. In doing so, I explain variation over time in the fragmentation of foreign aid, a phenomenon that previous work has been hard-pressed to explain.

In this paper, I more formally develop the theory summarized above and test it in two parts. First, I introduce a novel longitudinal measure of foreign aid fragmentation between 1961 and 2015. Unlike blunter measures that simply consider the creation of new agencies, this measure captures annual-level peaks and valleys in foreign aid fragmentation. I find that the combination of high majority-party heterogeneity and high inter-party distance—which should maximize an agenda-setter's need to offer side payments—results in greater levels of fragmentation. In contrast, when *either* the majority party is homogeneous *or* parties are close in preferences, vote-buying, and therefore fragmentation, is minimized. Second, I find

evidence that majority-party moderates, who should theoretically be the recipients of side payments, are indeed benefiting from fragmented legislation. This all suggests that processes internal to Congress are creating much of the fragmentation that scholars and policymakers have noticed for years. A lasting solution to the problem, therefore, may also need to come out of Congress.

2 The Bureaucratic Fragmentation of Foreign Aid

The bureaucratic fragmentation of foreign aid has important implications for the effectiveness of peaceful foreign policy tools. For decades, scholars have consistently found negative correlations between foreign aid's fragmentation and its effectiveness (Oh and Kim 2014, Aldasoro and Thiele 2010, Annen and Kosempel 2009, Djankov et al. 2009, Easterly and Pfutze 2008, Knack and Rahman 2007, Acharya et al. 2006). Aid recipients whose aid is broken up into a larger number of small projects tend to benefit little from that aid (Knack and Rahman 2007, Steinwand 2015). The fragmentation of aid programs and bureaucracies *within* a donor country only exacerbates these problems (Acharya et al. 2006, Easterly and Pfutze 2008, Williamson 2010, Barder 2005, Lundsgaarde 2013). As a recent OECD report states "Nobody seriously questions the fact that fragmentation is causing massive inefficiencies; there is, however, far less agreement on what needs to be done" (OECD 2009, page 30).

Aid fragmentation can also be problematic from a geopolitical perspective. Fragmenting aid over many bureaucracies can decrease a state's centralized control over important aspects of foreign policy. This can create public relations snafus and alienate allies. History provides several examples of bureaucratic fragmentation creating foreign policy problems. Unsurprisingly, this caused domestic and international tensions. In the late 1990s, a small US agency called the Inter-American Foundation (IAF) disregarded the State Department's instructions by funding radical groups that threatened and eventually kidnapped American

businessmen (Lyne et al. 2006). Fragmentation can be problematic for diplomatic relations as well. In 1994, the US Federal Maritime Commission, a small independent agency, unilaterally imposed sanctions against Japan. Neither Congress nor the administration supported this move, but the relative independence of the agency allowed it to subvert centralized foreign policy goals (Epstein and O'Halloran 1999, page 155-156). Lacking a direct chain of command, one small, independent agency can do a lot of damage. The more that states decentralize foreign policy authority in the form of foreign aid, the more danger there is of an agency making a mistake or purposely disobeying orders.

These problems can be partially resolved through inter-agency contracting. Often a large agency, such as USAID, will request specialized agencies, such as the CDC, to carry out certain aid projects. This puts USAID in control of aid funding and negates problems of centralized authority and collective action while maximizing gains from specialization. However, not all foreign aid policy is characterized by such hierarchical contracting relationships. When independent agencies are given independent control over their own foreign aid budget, fragmentation, mis-coordination, and lack of authority are problematic.

Although it has long been clear that foreign aid fragmentation can impede both geostrategic and development goals, the causes of the phenomenon are less well understood. What little work exists on the causes of aid fragmentation has focused on fragmentation between, rather than within, donor states. Trumbull and Wall (1994), Katada (1997), Bobba and Powell (2006), Barthel et al. (2014), Steinwand (2015), Fuchs et al. (2015), and others have all considered questions of donor-level fragmentation and coordination. While convincing, these previous studies are specific to the causes of fragmentation *between* donor states. There remains little explanation of the political causes of foreign aid fragmentation *within* a donor country. Part of this lack of research is due to the difficulty of measuring this type of fragmentation. How do we compare programs that change year by year, and what boundaries can we set for the end of one program and the beginning of the next? The difficulty of mapping out and understanding the domestic sources of fragmentation has limited our ability to

curb and study the phenomenon.

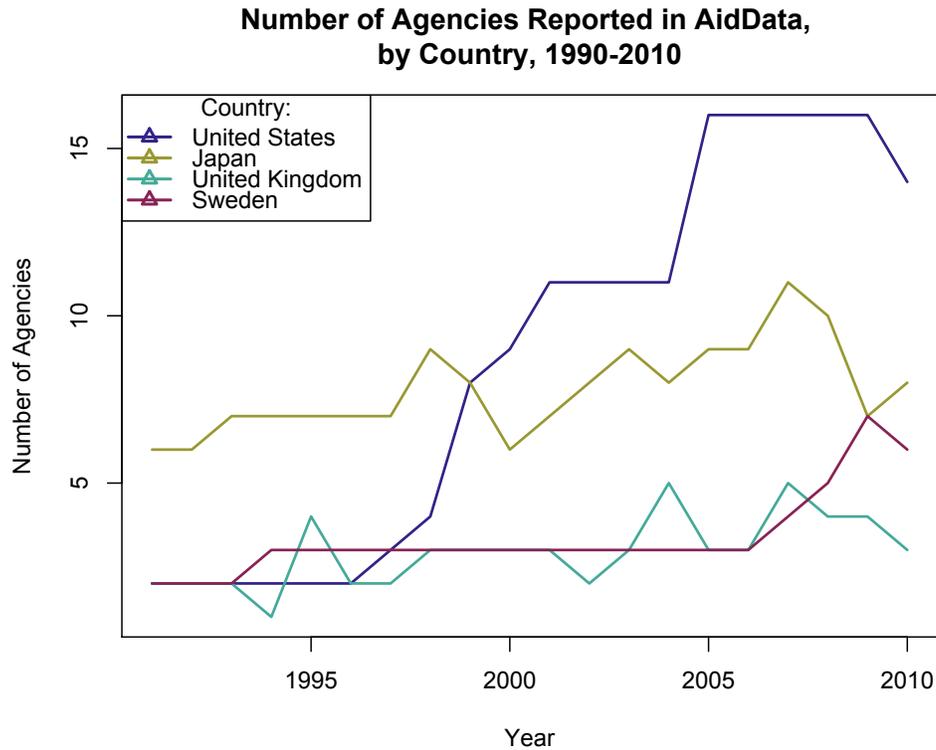


Figure 1

An explanation of domestic-level foreign aid fragmentation must consider variation over time. A simple count of aid agencies shows why: even similar-seeming countries deviate over time in their aid practices. Figure 1 compares the number of aid agencies from several countries reported in AidData over time.² The recent divergence in aid practices suggests that recent changes in aid fragmentation are not solely due to international or systemic factors. Different donors have responded to the international environment in different ways. The starkly heterogeneous patterns over time in seemingly similar states suggest that the proliferation of policy tools in foreign aid requires a domestic politics explanation.

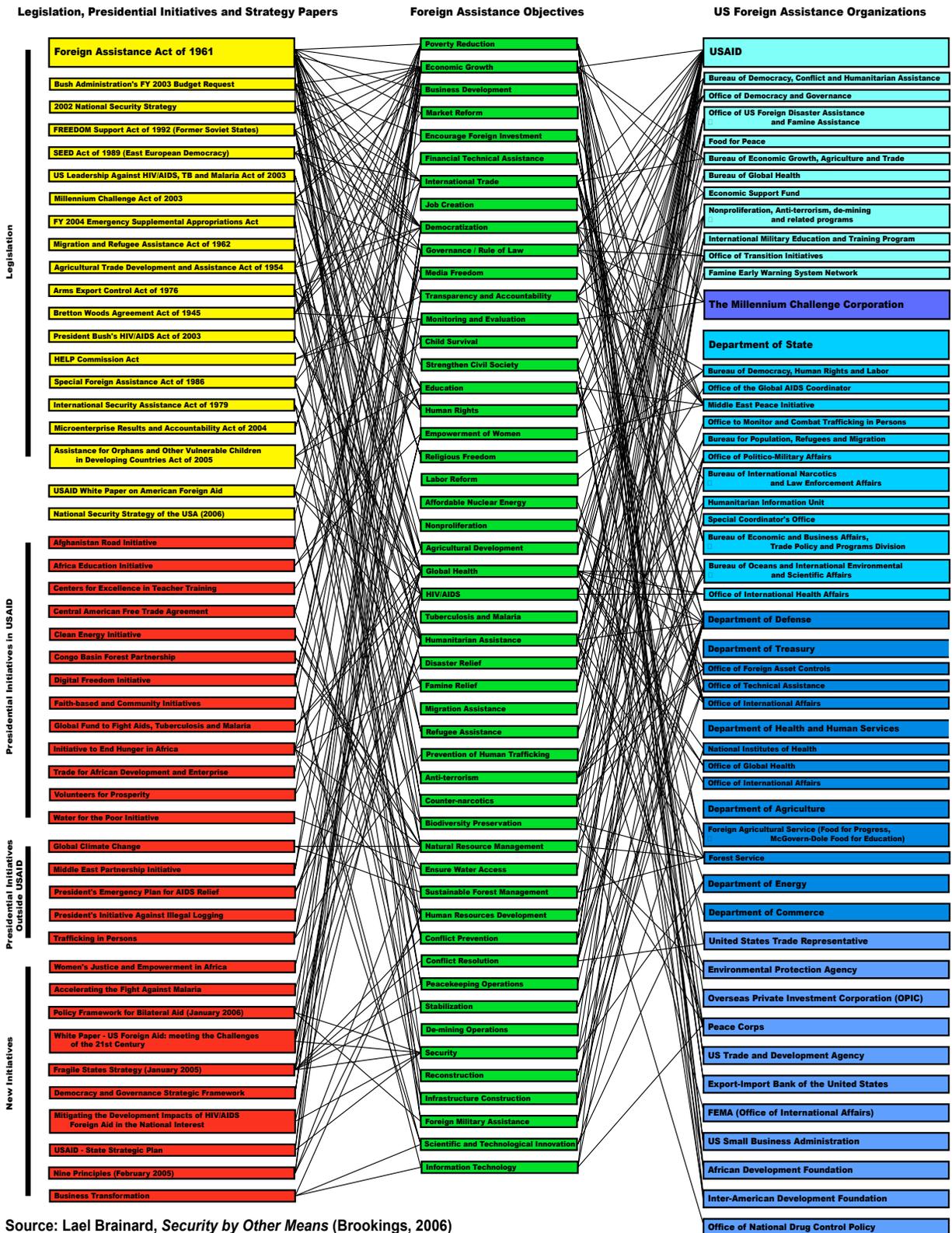
²AidData comes from Tierney et al. (2011).

2.1 The United States Case

Congress passed the Foreign Assistance Act of 1961 with the intention of simplifying and streamlining the aid process to create more efficient aid allocation. At the time, the act was 49 pages long and delegated foreign aid policy mainly to the newly created United States Agency for International Development (USAID). Since then, the foreign aid bureaucracy in the US has exploded. The amended Foreign Assistance Act now contains over 400 pages, with foreign aid policy now delegated to over 100 unique programs in dozens of independent agencies. This does not include the several multilateral and regional aid agencies to which the US contributes.

In an attempt to visually outline the complexity of the US foreign aid environment, Brainard (2007) created the chart that is reproduced below as Figure 2. This figure shows a complicated matrix of legislation, presidential initiatives, objectives, and organizations involved in US foreign aid. These organizations, at least twenty of which are listed in the right column of the figure, often have overlapping goals; and initiatives and legislation often attempt to integrate multiple organizations. Foreign aid in the US has become more complicated than it was four decades ago.

US Foreign Assistance Legislation, Objectives and Organizations



Source: Lael Brainard, *Security by Other Means* (Brookings, 2006)

The US policy community has recently begun treating the bureaucratic complexity of foreign aid as a policy problem that needs to be solved in order to increase the effectiveness of US foreign policy. However, a lack an understanding of the root causes of fragmentation limits capacity for policy improvement.

3 Theory: Aid Fragmentation and Legislative Vote-Buying

The main actors in this theory of foreign aid fragmentation are members of Congress and congressional leadership. I argue that, while leadership’s foreign aid preferences may involve national-level policy considerations, the preferences of rank-and-file legislators tend to be more district-specific. Congressional leadership has a unique opportunity to craft foreign policy through foreign aid appropriations, one of the few advantages Congress has over the president in foreign policy (Milner and Tingley 2015).³ While the prospect of sending money to foreigners may seem altruistic, foreign aid can in fact be a powerful tool for foreign policy. Aid can serve as a tool for diplomacy (Bueno de Mesquita and Smith 2016, Arel-Bundock et al. 2015, Meernik et al. 1998, Schraeder et al. 1998) or support a state’s geopolitical or economic efforts (Heinrich 2013, Dreher and Vreeland 2011, Bermeo 2011, Dreher et al. 2008, Kuziemko and Werker 2006). Leaders in Congress often seek to make their mark on policy (Fenno 1973). Foreign aid offers congressional agenda-setters a unique opportunity to craft foreign policy legislation; therefore, leaders who want to elevate their own role in US government should be eager to craft foreign aid policy that can pass congressional muster.

In contrast, rank-and-file members of Congress, who seek mainly to impress their own constituents and win re-election, may not be driven by such broad policy incentives (Fenno 1973, Mayhew 1974). In the absence of a natural constituency, however, foreign aid pol-

³See also Wildavsky (1966), Hinckley (1994), and Canes-Wrone et al. (2008) on the unilateral power of the executive branch for many foreign policy tools.

icy can provide district-specific benefits. Some districts, and therefore their representatives, stand to gain much through certain foreign aid policies. Foreign aid can benefit specific districts by contracting with local companies (Powers et al. 2010), supporting multinational corporations, and appealing to diaspora groups (Bermeo and Leblang 2015), along with invoking constituents’ cosmopolitan or patriotic tendencies. Additionally, certain types of aid policy offer politicians the opportunity to signal their positions on important debates in domestic politics (Mayhew 1974). Debates about foreign aid often play out like a microcosm of domestic politics, highlighting salient issues like reproductive health, fossil fuel development, the banking sector, and public spending in general.

Although much of a legislator’s overall support for foreign aid is related to ideology (Milner and Tingley 2010), support for particular funding channels varies depending on district make-up. Regardless of their ideological bent, legislators can pick and choose the foreign aid policies that directly benefit their constituents and donors. Policymakers who are ideologically indifferent to the leadership’s foreign policy agenda may instead be driven by district-level considerations.

Variation in districts’ motivations for supporting foreign aid feeds into the variation in aid bureaucracies themselves. Depending upon legislators’ philosophy of aid, the interests they represent, and their preferred level of executive and legislative oversight, they will have reason to prefer some agencies over others.

3.1 Bureaucratic Allocations to Buy Votes

Legislators’ foreign aid preferences vary by district. Fortunately for them, foreign aid funding channels—the bureaucracies themselves—vary just as widely. Unlike other foreign policy domains, such as trade and immigration, foreign aid spending is determined largely through appropriations, leaving little immediate need for centralized planning. Three sources of variation between foreign aid agencies are especially salient. Agencies vary in (1) their *modus operandi* or way of conducting business, (2) the special interests that they best represent,

and (3) their rules of conduct or oversight. Similarly, legislators who care about foreign aid for either policy or particularistic motivations have reason to care about how foreign aid is carried out, which interests are represented, and who makes the rules.

First, agencies vary in their *modus operandi* or way of carrying out aid. USAID, for example, tends to work with a specific set of partners, both within and outside the government, that usually carry out large-scale development projects designed for long-term impact. Legislators wary of public spending on large projects, therefore, might prefer that aid money be spent elsewhere. President George W. Bush, an enthusiastic proponent of foreign aid, had little loyalty to USAID. He built his flagship aid program, the Millennium Challenge Corporation (MCC), to bypass the troublesome USAID altogether, leading to MCC's appeal among other aid-friendly Republicans. Similarly, many conservative legislators support aid programs that involve the Department of Commerce. Commerce's market orientation led fiscal conservatives, who may not otherwise support foreign aid for its policy merits, to support the 2015 Electrify Africa Act (EAA). In fact, the initial version of the EAA was voted down by these conservative Republicans partly due to the bill's lack of an interagency working group, which was later created to ensure buy-in from the private sector. Because of the interests already in control of the department, transferring aid authority away from USAID was one way to increase fiscal conservatives' support for foreign aid.

Second, agencies vary in the interests they represent. Research since McCubbins et al. (1987) has shown how special interests can become baked into bureaucracies when lawmakers "stack the deck" in agency creation. Variation in special interest control is also visible in the cases described above: USAID is known for employing a limited set of "beltway bandits" to help carry out its projects. Legislators from districts that represent these important contractors are rewarded by constituents for supporting large-scale foreign aid bills (Powers et al. 2010). However, not all agencies are controlled by this limited group of interests. The IAF mentioned above is a small US agency that works only with grassroots projects in host countries. The organized interests that IAF represents are more likely to be diaspora groups

or companies with genuine interest in Latin American development. On the other hand, the Export-Import Bank (EXIM) has been criticized for disproportionately representing the interests of large exporting manufacturers, such as Boeing. One may therefore expect EXIM's supporters in Congress to be disproportionately represented by successful exporting districts. Depending on whether a district is represented by contractors, diaspora groups, or exporters, foreign aid bureaucracies can have varying effects on that district.

Third, agencies vary in their rules of engagement. Some agencies face a lot of oversight from the executive and legislative branches, while others face less. Fariss (2010) demonstrates differences in aid programs' accountability to sanctions, and Arel-Bundock et al. (2015) show the consequences of executive control over foreign aid bureaucracies. Agencies whose heads are appointed by independent commissions, such as the Overseas Private Investment Corporation (OPIC) are less likely than agencies whose heads report directly to the president, such as the Department of State, to pursue the president's foreign policy initiatives. Depending on a legislator's alignment with decision-makers in both branches, she may find reason to seek additional funding for one agency over another.

Legislators whose district-wide benefits depend on how and where foreign aid is deployed may therefore have corresponding preferences over which bureaucracy should receive funding. They may pursue a foreign aid agenda for policy or particularistic reasons, to appear altruistic for cosmopolitan constituents, or under the belief that strategic aid can further the US national interest. Regardless of districts' diverse foreign aid agendas, certain agencies are more adept at furthering certain types of goals than others. This provides an incentive for congressional leaders, who want to pass a foreign aid bill but may struggle to collect enough votes, to convince some legislators by tinkering with bureaucratic allocations, or even creating new programs and bureaucracies altogether. A fragmented aid policy is the unintended result of the funding of diverse pet projects that satisfy district-level agendas.

3.2 A Spatial Model of Vote Buying

The theory so far has suggested that bureaucratic fragmentation in a foreign aid bill is a by-product of the vote-buying process. Deriving meaningful hypotheses, then, requires a theory of vote-buying. Recent theoretical and empirical work has begun to untangle the dynamics of distributive politics in Congress (Snyder 1991, Evans 2004, Dekel et al. 2009, Carroll and Kim 2010, Jenkins and Monroe 2012, Alexander et al. 2016).⁴

The consensus of previous literature is that moderate legislators are the most likely candidates for vote-buying. In other words, having preferences near the chamber median is one factor that increases a legislative district's likelihood of receiving side payments. This is for two reasons: opportunity and costs. First, moderate legislators have the most outside options, and therefore the most opportunity to credibly threaten to withhold their vote. Moderates have the option to caucus with the opposing party, and therefore, they have less incentive to heed the party call (Minozzi and Volden 2013). Party extremists, on the other hand, benefit most from the party's brand name and are less credible in threatening to leave the party. Second, moderates suffer the most policy losses from strong agenda control (Jenkins and Monroe 2012, Carroll and Kim 2010). Party leaders tend to block legislation that is not supported by a majority of the majority party (Cox and McCubbins 2005). These agenda-setters will rarely move the status quo toward the opposing party's preferences, preferring instead to block bills that would move the status quo in that direction and harm most majority-party legislators. However, this means that majority-party moderates rarely see their policy preferences represented on the chamber floor. They pay disproportionate costs for party unity, and they therefore are awarded disproportionate benefits in the form

⁴Just some of the many American politics works on congressional side payments include Deering and Smith (1997), Jenkins and Monroe (2012), Alexander et al. (2016), Evans (2004), McCarty (2000), Groseclose and Snyder (1996), and I will build on that literature to derive hypotheses about vote-buying and, therefore, fragmentation. Also, see Kriner and Reeves (2015), Hudak (2014), Berry et al. (2010), Bertelli and Grose (2009), and others on distributive politics through the executive branch. Because I measure fragmentation of congressional legislation, rather than of policy implementation more broadly, I don't consider these executive-branch tools as closely in this work. However, future work on the fragmentation of foreign aid *implementation* should more carefully consider the particularistic preferences of the executive branch.

of side payments by congressional agenda-setters.

My theory follows from this literature, but it explicitly predicts longitudinal variation in total vote-buying trends. Previous work on legislative vote-buying has offered few longitudinal expectations. An extension to the theory later in this paper draws from past literature by questioning which legislators will receive side payments (it’s the moderates, just as previous literature has suggested).

Figure 3 below outlines the theoretical mechanisms. I define a “moderate legislator” in a hypothetical Congress as previous work has defined it. For convenience, assume that both parties’ policy preferences are spread monotonically over a uni-dimensional policy space from 0 to 1. Assume that an agenda-setter’s ideal point falls near the majority-party median. A moderate voter, then, is any legislator whose policy preference falls within the highlighted region, between the Agenda-Setter and the median voter. These legislators are the least-costly targets of vote-buying: they are most likely to be on the fence about a bill and to consider changing their votes. Therefore, when the highlighted region is relatively large, encompassing more legislators, more votes need to be bought to pass a bill. In contrast, a smaller highlighted region requires less vote-buying by agenda-setters.

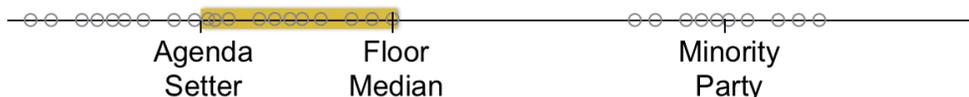


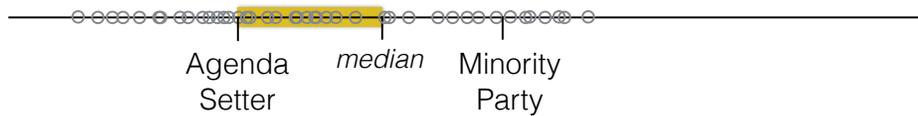
Figure 3: The estimated ideal point location of moderate legislators.

Certain political conditions can increase or decrease the relative size of that highlighted region. Figure 4 below estimates the size under three such conditions. In the first panel, the majority party is relatively homogeneous. The leadership’s ideal point is close to the ideal points of the rest of the majority party. There is large scope for agreement, and the range of moderate legislators demanding side payments is relatively small. In this case of a homogeneous majority party, it is likely that the entire majority agrees on a new policy. Therefore, very little fragmentation will be necessary.

Homogeneous Majority Party



Overlapping Parties



Heterogeneous Majority and Polarized Parties

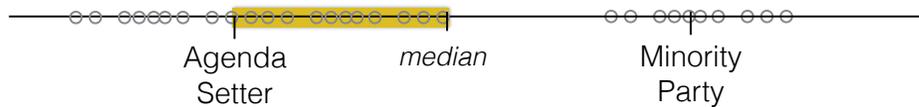


Figure 4: The size of Region 2 varies depending on majority-party unity and inter-party distance.

As majority-party heterogeneity increases, so does the likelihood that the two parties will overlap in preferences. This is the situation represented in the second panel of Figure 4. When the minority party is near, agenda setters have less need to recruit moderate majority-party legislators to a voting bloc, and bipartisanship becomes tenable. The highlighted region becomes relatively small when the minority party is relatively close to the majority. This is true regardless of the heterogeneity of the majority party; in fact, heterogeneity by itself may actually *increase* bipartisanship, which will result in less political gridlock.⁵ The preferences of moderates in the majority party become irrelevant as the majority leadership begins pulling votes from the minority party. Therefore, when parties are heterogeneous and close together, fragmentation is also relatively low.

Finally, consider the third panel of Figure 4, a case in which the majority party is het-

⁵The conditional-party government (CPG) literature in American politics has produced much work on these first two conditions (Cooper and Brady 1981, Aldrich 1995, Aldrich and Rohde 2000a, Aldrich and Rohde 2000b, Aldrich and Battista 2002, Cox and McCubbins 2005, Cox and McCubbins 2002).

erogeneous *and* the minority party is distant. This political scenario maximizes the size of the highlighted region, and therefore, the need for vote-buying. In this case, party leadership is hard-pressed to cajole its distant moderate wing to join a voting bloc. But it is also unable to persuade potential defectors from the minority party. Under these conditions, agenda-setters will be forced to resort to other means to pass a foreign aid bill. When it is difficult to pass legislation based solely on ideological agreement, side payments will become increasingly necessary. In this case, an agenda-setter who is pressed for votes may begin diverting money to small agencies and programs, or creating entirely new ones, to target influential legislators.

The political condition leading to the most vote-buying is a *combination* of a heterogeneous majority party, which cannot agree within itself on new legislation, and a distant minority party, which is unwilling to switch sides. When Congress is divided in this way, vote-buying, and therefore fragmentation, should be maximized. Therefore, it is straightforward to hypothesize that the combination of intra-majority heterogeneity and inter-party distance will lead to the greatest vote-buying. And as the overall probability of vote-buying in Congress increases, so does the probability that agenda-setters will begin diverting money to small aid agencies—or creating entirely new agencies—in order to impress a few influential fence-sitting legislators. This leads to a fragmented bill.

Hypothesis 1: *High* heterogeneity in the majority party, combined with a *high* preference distance between parties will result in *more fragmented* foreign aid.

3.3 Moderates and Vote-Buying

Agenda-setters who underwrite district-level pet projects in order to buy votes do not support all pet projects equally. Congressional leadership wants to buy the least-costly votes possible. This means disproportionately offering side payments to those legislators who are truly on the fence about the leadership's agenda. Recall from above that previous literature suggests

leadership disproportionately buys the votes of *moderate members of Congress*. These are the legislators who are on the fence about supporting leadership’s foreign policy agenda and who pay the greatest costs for supporting their party. This by no means implies that party *extremists* will always be on board. To the contrary, many very liberal and very conservative legislators do not support their own party’s foreign policy agenda.

Instead, what this model does suggest is that extreme legislators’ votes will be relatively difficult to change. Instead, party leaders will have better luck using their resources to persuade moderate voters. If this is indeed the case, we should expect to see indirect evidence of it in legislators’ votes. When agenda-setters divert funds to pet-project agencies, thus creating a fragmented bill, then moderate voters should be more likely to support that bill. This is not because moderates have a special interest in foreign aid fragmentation. It is simply because these moderate legislators’ districts disproportionately benefited from the pet projects being offered—the same pet projects whose existence led to a fragmented bill. This suggests a second hypothesis, and an opportunity to test the theory from another angle.

Hypothesis 2: Moderate majority-party legislators will be *more likely* to vote in favor of a foreign aid bill when that bill is *more fragmented*.

Together, these two hypotheses, drawn from the same theory of fragmentation, suggest a framework for understanding the fragmentation of US foreign aid. I introduce a dataset that will allow for statistical tests of these hypotheses in the following section.

4 Data

To test the hypotheses above, I define bureaucratic fragmentation as *a relatively thin spread of foreign aid funding between many independent bureaucratic agents*. This involves two processes. First, it involves the creation of new agencies; after all, the definition presupposes the existence of multiple independent bureaucratic agents. However, agency creation by itself

can be a poor measure of aid fragmentation. It is a relatively rare event and is sporadic. It can also be subjective to determine which agency creation events are more important and which are less so. Therefore, agency creation lends itself best to qualitative analysis, and I will introduce several case studies that consider the theory in this context. However, it is difficult to use agency creation in any quantitative test of bureaucratic fragmentation.

The second component of bureaucratic fragmentation, which is easier to test quantitatively, is the spread of foreign aid authority among bureaucratic agents. This can be measured by calculating the percentage of aid funding that is diverted from the largest aid agency, USAID. Many of the problems associated with aid fragmentation are driven by the fact that no single agency is effective in coordinating foreign aid. The problems of fragmented aid tend to stem from collective action problems and lack of coordination between agencies. A hierarchical bureaucratic system, in which several agencies exist but one is the undeniable lead agency (including cases of inter-agency contracting mentioned previously), is very different from one in which all agencies are relatively independent. The latter creates more fragmented policy than the former. Therefore, the quantitative evidence outlined below will be driven by a measure of the spread of foreign aid funding among agencies, rather than simply the creation of new aid agencies.

4.1 A New Project-Level Dataset of US Foreign Aid Spending

A quantitative test of the hypotheses requires an annual-level dataset of the spread of funding among independent agencies in foreign aid bills. In order to avoid the pitfalls of data availability bias and noisy agency contracting present in other aid datasets, I compiled a novel dataset of program-level allocations in the annual Foreign Operations Appropriations Bill. This dataset offers at least two benefits for studying the fragmentation of US foreign aid over time. First, data availability is consistent over time. Foreign aid legislation has funded various agencies since at least the time of USAID's creation. Unlike other foreign aid databases, historical appropriations legislation does not display increased numbers of missing

values for earlier years. Therefore, measures of fragmentation should not change over time simply because of data availability, as it does in other datasets.⁶

Second, the appropriations dataset more accurately measures the independence of agencies. The annual appropriations bill specifies the total funds for which each agency is ultimately responsible. Rather than including smaller projects in which an agency simply collaborated, appropriations legislation only includes the funds that each individual agency controls by legislative mandate. Inter-agency contracts, and other hierarchical relationships between agencies, will not appear as an increase in fragmentation in this dataset. The data only measure the fragmentation of ultimate agency control.

To create this measure of bureaucratic fragmentation in US foreign aid appropriations, I read and coded all annual Foreign Operations Appropriations bills that Congress produced between 1961 and 2016.⁷ For each bill, I noted the name of each budget line, the agency of allocation, and the dollar amount appropriated to each line.⁸

The unit of the appropriations dataset is the budget code-year, but I aggregated up to the agency-year for the purposes of this paper. The annual foreign operations appropriations bill explicitly funds several dozen programs in twelve unique agencies. USAID receives an average of 59.9% of total funding.⁹ The other agencies, and their funding levels (in 1000 USD), are presented in Figure 5 below. After USAID, the Departments of Defense and State receive an average of 27.8% and 6.9% of funding, respectively.¹⁰

Figure 6 below plots the total economic and security aid appropriated over time. With few exceptions, the trends for security and economic assistance were generally similar until 2000. Both types of assistance increased shortly after Ronald Reagan took the presidency in

⁶See the Appendix for a more detailed description of existing measures of foreign aid as well as an outline of the problems inherent in measuring fragmentation using existing foreign aid datasets.

⁷I collected the bill text from Congress.gov, or for older bills, govtrack.org or directly from print archives at the Library of Congress.

⁸See the Appendix for a more detailed description of my coding of this dataset.

⁹Compare this to the Netherlands, which channels 97% of its foreign aid projects through Ministry of Foreign Affairs, according to data from AidData (Tierney et al. 2011).

¹⁰Note, however, that not all of these agencies were funded—or were even in existence—for every budget year included in the dataset.

Foreign Aid Appropriations, by Agency (1961 – 2015) in Thousand USD

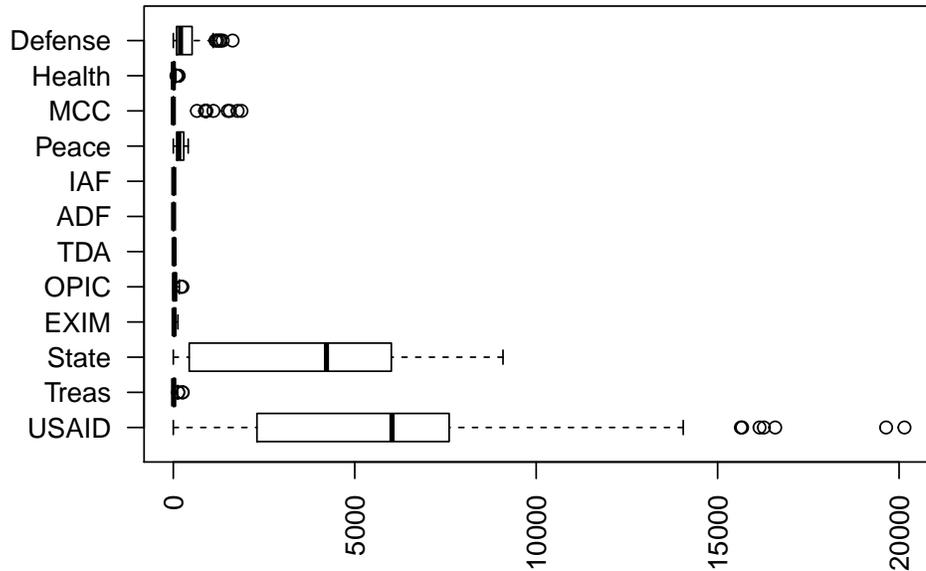


Figure 5: Plots agency-year spending in foreign aid appropriations bills. Abbreviations: “MCC” - Millennium Challenge Corp., “IAF” - Inter-American Found., “ADF” - African Development Found., “TDA” - Trade and Development Agency, “OPIC” - Overseas Private Investment Corp., “EXIM” - Export-Import Bank.

1981. That spike lasted until the fall of the Soviet Union, when security aid levels retreated. However, economic appropriations continued to grow throughout the post-Cold War period. At least half of the Reagan-era spike was driven by an increase in the Foreign Military Financing (FMF) budget, which was funded at \$750 million in Reagan’s first year and would rise to \$5 billion by George H. W. Bush’s presidency. FMF was an important source of funding for Nicaraguan rebels and continues to be used to fund political allies, especially in Israel and Egypt.

I measured bureaucratic fragmentation by calculating the percentage of total appropriations that were *not* allocated through the country’s largest foreign aid agency, USAID. This measure, “non-USAID,” varies from 21% in 1978 (indicating that 79% of foreign aid appropriations, both economic and security, were funneled through USAID in that year) to 52%

US Foreign Aid Appropriations

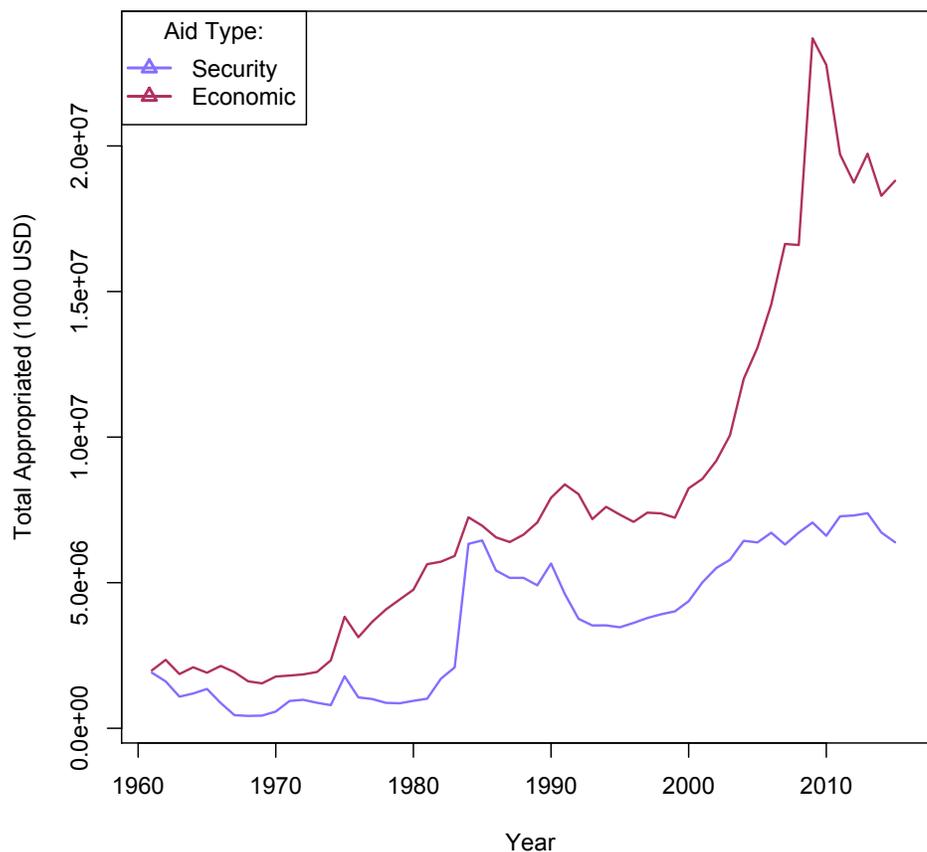


Figure 6

in 1985.

Large-scale changes in fragmentation over time have several sources. The 1960s was a time of transition for foreign aid. The 1961 Foreign Assistance Act represented a watershed achievement, merging several smaller programs and replacing others. It created USAID and stabilized the foreign aid budget. However, some of the programs existing before USAID were slow to end. The drop in fragmentation in the mid-1960s is largely a reflection of the drawdown of older military assistance programs and relative increase in development programs.

The early 1970s, a high point in aid fragmentation, was also associated with the creation

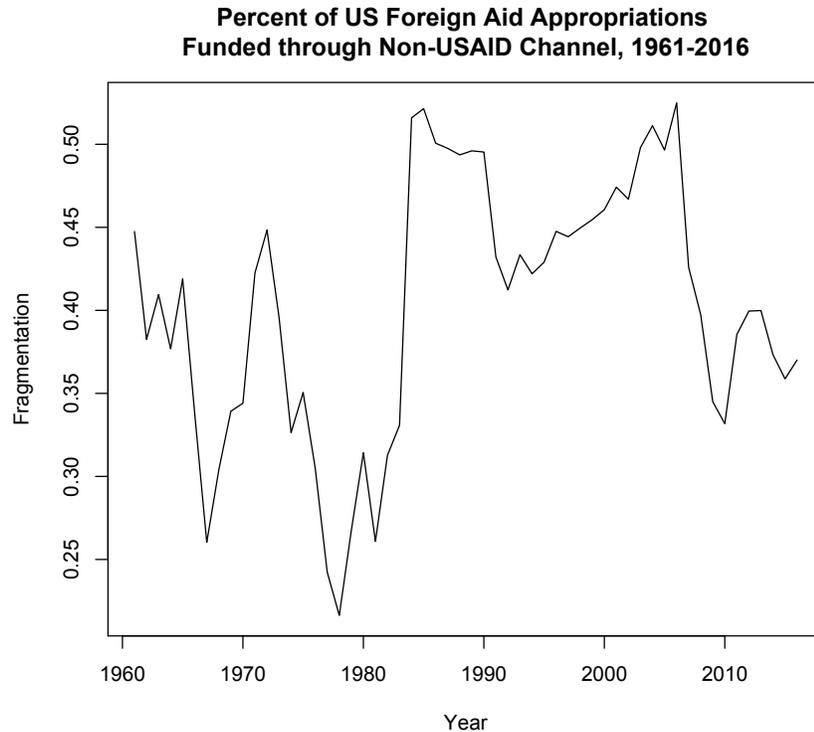


Figure 7

of new aid agencies and an historic nadir in party power in Congress. For example, this was the first time that Congress funded the Inter-American Foundation (IAF), an independent agency that diverted funding from USAID. The creation of the IAF offers an opportunity to witness the mechanisms of the theory in action. It was created during a time when foreign aid was becoming especially unpopular among its usual proponents: congressional Democrats. This new Democratic skepticism was a result of the way foreign aid was being spent at the time. The Nixon years coincided with an increased use of foreign aid as a weapon of the Cold War. This increasing militarization of foreign aid, along with the unpopularity of the Vietnam War, made development-minded legislators hesitant to provide aid through typical channels. It was then that Representative Bradford Morse and others began demanding a demilitarization of foreign aid, especially in the Western Hemisphere. Morse was typically an aid proponent; he would later serve as Administrator of the United Nations Development

Programme. But his concern over militarization of aid led him to question any aid packages moving through Congress. He was also a moderate Republican, making him a pivotal member of the foreign aid coalition. After a trip to South America, where he was disappointed by the poor living conditions and lack of US support for civilians, Morse sponsored a bill for the creation of the IAF, which would support Latin American development and be difficult to militarize.

Crucially, the IAF is statutorily prohibited from working with the military. It can only create projects in concert with small, grassroots organizations in Latin America. Morse did not just want more funding to go towards the Western Hemisphere; had that been the case, he could simply have demanded more aid in the State Department or USAID. Instead, he cared about *how* Latin American aid was being spent. He wanted to ensure that the aid would serve development instead of military goals. To him, this required the creation of a new agency, which would have its own interests and rules of engagement. Morse made clear his priorities and threatened to pull his support from foreign aid funding if his bill was not passed. Because of his moderate position in Congress, this threat was credible. In exchange for his continued support for US foreign aid as a whole, congressional leadership allowed for the creation of a new agency, the IAF (Ruttan 1996).

Fragmentation dropped again in the 1970s, hitting an all-time low in 1978. Not incidentally, congressional leadership also became more powerful in the late 1970s. This was an era of increasing strength for party leadership, which was beginning to wrest control from committee leaders. This period was also associated with an unprecedented decrease in both majority-party heterogeneity and (unexpectedly) party distance. These two variables are usually negatively correlated, but the simultaneous decrease in both made lawmaking briefly more efficient, as reflected in the decreased fragmentation in this period. This would last until the end of the decade, when fragmentation renewed its upward trajectory.

Aid fragmentation remained relatively low until rising at the beginning of the Reagan presidency, and it spiked in 1984. Unlike under the Nixon administration, this spike was not

associated with a decrease in funding to USAID. To the contrary, USAID funding *increased* under Reagan. However, the rest of foreign aid increased even more, more than doubling during Reagan's first term. Although some of this increase went through USAID, most was driven by an increase in military assistance and strategic aid to Israel and Egypt. These years also coincided with the creation of a large new security program, the Special Defense Acquisition Fund, administered through DOD.

The early 1980s witnessed another major agency creation event, the African Development Foundation (ADF). The origins of the ADF are similar to the IAF—not surprising, considering the similar functions of those two agencies. The ADF was the brainchild of Representative William Gray, a Pennsylvania Democrat and member of the Congressional Black Caucus (CBC). Rep. Gray was not a moderate in domestic political issues, but he and the CBC often took issue with foreign aid. Like Morse before him, Gray was concerned about the current administration (this time, the Reagan administration) increasingly militarizing aid. He also had a special interest in Africa. Like Morse, Gray's solution was to create a new aid program that could not be militarized, this time setting it in Africa, Gray's region of interest. He sponsored legislation proposing the ADF and, with the support of other members of the CBC, threatened to withhold needed support for foreign aid unless the ADF was created.

During hearings, representatives of USAID's Africa Bureau testified in favor of the ADF's creation. This is initially surprising, given that they were supporting the creation of a direct competitor for funding. However, it later became clear that USAID had only supported the bill because they knew that the creation of the ADF was necessary in order for USAID to receive funding at all in that year (Ruttan 1996). Once again, a fence-sitting legislator with strong views about how foreign aid should be spent was able to threaten derailment of a foreign aid bill in exchange for the creation of a new agency that better represented his preferences. This coincided with an increase in foreign aid fragmentation as well.

After the increase in the 1980s, fragmentation once again dropped until beginning a slow

rise with the creation of the 1992 FREEDOM Support Act (FSA). In January of 1992, shortly after the fall of the Soviet Union, the Bush administration united with a Democrat-controlled Congress to support the democratization of the former Soviet Union (FSU). Facing reelection, Bush felt the need to show strong leadership in pushing America past the Cold War, a goal that Congress could easily get behind. Both parties had strong incentive to craft legislation that would promote lasting democracy in Eastern Europe. In passing the bipartisan 1992 FREEDOM Support Act (FSA), Congress authorized a \$410 million bilateral aid package intended to do just that. However, it became immediately clear that the FSA was poorly designed. An early set of audits by the Government Accountability Office (GAO) reported a lack of coordination of programs and authorizations in the bill. The FSA encompassed 19 government agencies with overlapping agendas and competing priorities (Johnson 1995, page 2). While Congress did implement coordination mechanisms, even these overlapped and competed. The FSA spread aid implementation thinly among many agencies, started new projects without considering their authority and placement, and created a coordination nightmare for USAID and the Department of State. The result was interagency infighting at a time and place where unity was most crucial. The FSA could have avoided these pitfalls had Congress simply streamlined democracy funding through one or two major agencies.

The poor design of the FSA was bad for foreign policy, but it was not a loss for everyone. To the contrary, some legislators managed to eke out district-level benefits from the new projects created through the bill. For example, Senator Bob Kerrey, a first-term Democrat from Nebraska, sponsored an amendment developing a new Department of Agriculture-based business exchange program that would “increase demand among farmers not only for bulk grains, but also for feed products” (senate debate 7192d). In his congressional testimony, Kerrey credited Land O’Lakes with helping develop the program. This new exchange program offered a boon to midwest companies like Land O’Lakes even as it complicated the overall infrastructure of US foreign aid. In contrast, Joe Biden, a powerful player in the Senate Foreign Affairs Committee, attempted and failed to create his own new program

through the same legislation.

The bureacuratic messiness of the FSA was not lost on legislators at the time. In debates before the bill’s passage, various legislators complained that Congress was “frittering away our aid,” creating “layer upon layer of new bureaucracy,” and that there “simply [was] not enough money to go around” to all of the unique programs and agencies being funded.¹¹ Agenda-setters attempting to pass the FSA made it clear that this fragmentation was a necessary evil, claiming that “the price for doing business for us is to include on the list [of new programs] some things that maybe you or I would not, in a vacuum, have on this list” (Senate 1992, page 46).

Moderate legislators were disproportionately the ones asking Congress to pay that price. Of the 17 Senate amendments creating new programs within the bill, 23.5% of sponsors were moderates—their preferences fell between the majority-party median and floor median, the highlighted region described in the theory section of this paper. In contrast only 12% of all other amendments’ sponsors fell within that region. In short, moderate senators were successfully funding their own pet projects within the FSA, resulting in further fragmentation. Further evidence of this phenomenon can be found in Senate roll call votes. The Senate majority mostly favored the FSA.

However, leadership did not manage to buy all moderate senators’ votes. Figure 8 maps Senate votes on the FSA by party (Democrats in blue circles and Republicans in red triangles) and plots them by DW-Nominate score, with smoothed loess curves for each party. For ease of interpretation, I have highlighted the region of moderate legislators mentioned in the theory section of this paper—the region between the majority-party median and the floor median in the 1992 Senate.

As is clear from this figure, most of the Democrats who opposed the FSA were moderates (see the number of blue dots at the vertical zero axis). Some of the moderates who did vote in

¹¹Senators Lugar and Leahy and Rep. Hamilton, notably not moderate legislators, were among the complainants. See Tarnoff (2004), page 27; Congressional Record Vol. 138 No. 98 Pg. S9591; and Senate (1992), page 61.

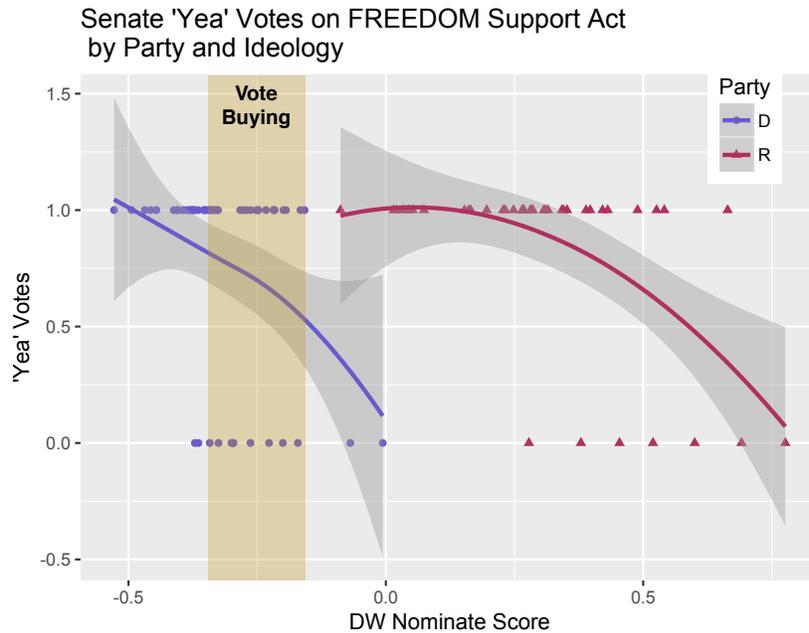


Figure 8: Senate roll call votes on the FREEDOM Support Act, by DW-Nominate score and party. Red (Republican) and blue (Democrat) lines represent the smoothed loess curves for each party’s ideology-vote relationship. Highlighted region denotes moderate policy space between majority median and floor median.

favor of the legislation were the same ones who successfully sponsored amendments funding their pet projects. As the theory would expect, moderate Senators whose pet projects were not funded were unlikely to support the FSA legislation. If the leadership wanted those legislators’ votes, they would have to pay for them. This led to an increase in aid fragmentation that left its mark for years on foreign aid in the FSU.

After the FSA, fragmentation stayed relatively stagnant, rising gradually until the late 2000s, with the exception of a small decrease during the Clinton presidency. The greatest decrease was in 2007. This was mostly due to an increase in USAID incommensurate with the increase in total aid. Bush had pushed a lot of aid funding through his new Millennium Challenge Corporation (MCC), which a Republican Congress had been happy to oblige. However, after Republicans lost control of Congress in 2006, Democrats oversaw a 30% increase in USAID funding. On average, the rest of the aid budget, including MCC, actually

decreased in that year.

A few patterns emerge with a close look at the trends over time. First, when Republican presidents insist upon their agenda, security assistance increases, and fragmentation along with it. It is clear that at least some of the large-scale trends in foreign aid are related to the president, and any statistical model must control for that factor.¹² However, presidential preferences do not account for variations within administrations. Fragmentation fluctuates within presidential administrations as well, suggesting that dynamics within Congress that are initially difficult to see are driving much of the phenomenon.

4.2 Foreign Aid Voting in Congress

The second hypothesis, which predicts legislative voting on foreign aid bills, requires a dataset of legislative votes to complement the previous dataset. Figure 9 below presents data on House roll call votes for all Foreign Operations Appropriations bills between 1961 and 2015, the bills in the fragmentation dataset.¹³ Each point in the figure represents an individual legislator. The horizontal axis reflects the legislator’s mean first-dimension DW-Nominate score, which represents ideological liberalism or conservatism.¹⁴ The vertical axis represents the percent of Foreign Operations Appropriations bills that the given legislator supported during his or her tenure. The figure codes legislators by party: red pyramids represent Republicans, and blue circles, Democrats. The figure also includes smoothed loess curves for both Republicans and Democrats, indicating the direction of the ideology-voting relationship for both parties.

Most members voted in favor of most appropriations bills: only 39% were “nay” votes. However, different members voted differently. Democrats were more likely to vote in favor of a bill (68.7%) than Republicans (51.3%). Unsurprisingly, members of the majority party were

¹²In a companion paper to this one, I study the role of the executive branch in agenda-setters’ choice of vote-buying tool in foreign aid bills.

¹³Data from 1988 to 2001 were generously provided by Crespín and Rohde (2010) and the rest were collected from Voteview.com. I only included votes that specifically related to foreign aid, omitting omnibus bills.

¹⁴See Poole and Rosenthal (1991) for more on this measure.

'Yea' Votes by Legislators Party and Ideology,
Majority Party, 1961-2014

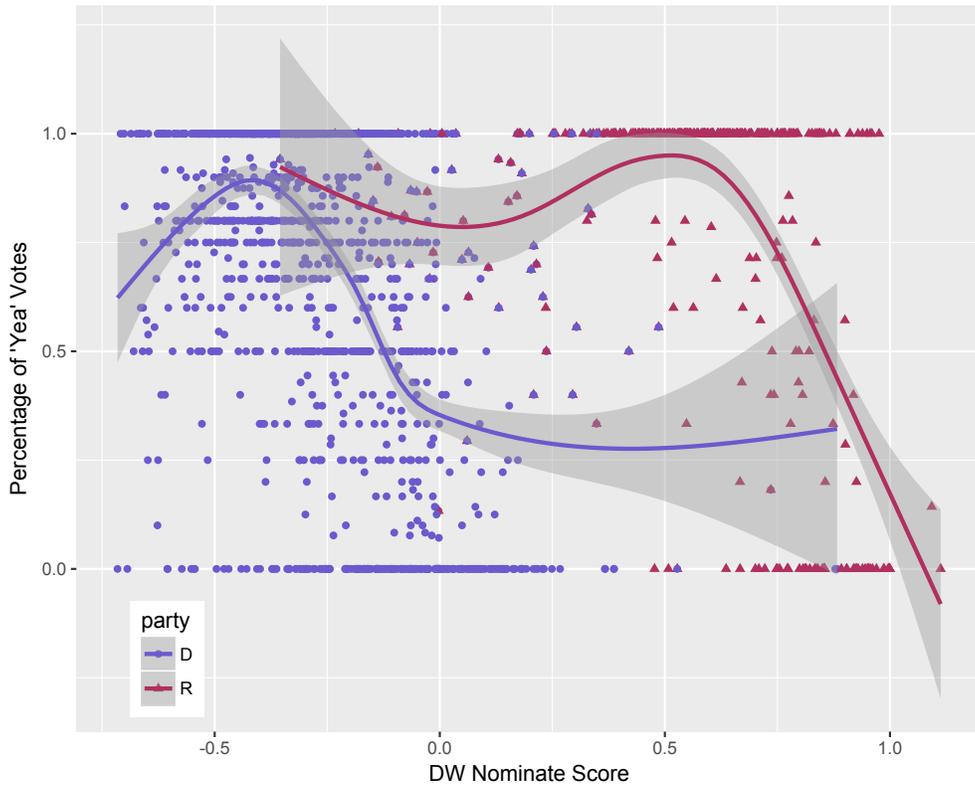


Figure 9

much more likely to vote for a bill than the minority party (72.4% and 45.5%, respectively).

Note the non-linear voting patterns in both parties. For both Democrats and Republicans, a higher-than-average DW-Nominate score—higher conservatism—decreases a legislator’s likelihood of supporting a foreign aid bill. This fits the voting patterns suggested by previous research on congressional foreign aid voting (Milner and Tingley 2010, Fleck and Kilby 2001). Anecdotal evidence has provided similar findings, with the famous liberal crusaders for foreign aid—such as John F. Kennedy—contrasting with well-known conservative foreign aid opponents like Jesse Helms. However, the data also demonstrate a decline in foreign aid support in the other direction: among liberals in both parties. This suggests that a deviation in preferences from the party median can decrease all legislators’ support for the majority’s agenda. Regardless of party, the most support for foreign aid can be found in the middle, near the party median.

The legislator voting data is important to Hypothesis 2, regarding moderate legislators’ reactions to fragmented bills. In general, moderate legislators—those whose preferences fall closest to the opposing party’s—are more likely to be on the fence about voting with their party. This does not necessarily mean they are more or less likely to support foreign aid overall. They simply are the least likely to have a predetermined vote based on party lines. In order to ensure a foreign aid bill’s passage, then, agenda setters will begin by buying the votes of the least-costly legislators: the moderates. In turn, as moderates’ pet projects increasingly become financed, they will become more likely to vote for a foreign aid bill.

4.3 Independent and Control Variables

The most important independent variables in these models are drawn from the DW-Nominate scores created by Poole and Rosenthal (1991), a commonly used measure of legislator ideology. First, I used these scores to measure the standard deviation of legislator preferences within the majority party. The variable “Majority SD” measures the standard deviation of

the DW-Nominate scores within the majority party in the House.¹⁵ The “Party Distance” variable measures the distance between the median DW-Nominate scores for each party, using party codes by Martis (1989). Both of these vary on a biannual level.

When majority-party heterogeneity is high, there is less room on the ideological spectrum for a distant minority party. It should therefore come as no surprise that these two independent variables are negatively correlated, with an R^2 of 0.65. On average, a more heterogeneous majority party puts the two parties closer. However, this varies year by year.

The legislative voting dataset includes its own set of independent and control variables. First, the independent variable most important to the hypothesis is legislator “moderation.” I measure this by calculating the inverse distance between the legislator’s DW-Nominate score and the party median. I calculate this measure of moderate ideology for both parties. These models also include time trends in the form of year-level fixed effects, which obviates the need to include variables that only vary over time. Finally, because legislators have unobserved constituent interests that push them to vote a certain way, I also include state-level fixed effects. The independent and control variables for both datasets are listed and summarized in the Appendix.

5 Methods

The hypotheses derived from the model require two sets of statistical tests. First, I test the hypothesis of vote-buying and fragmentation on a annual-level dataset. The annual-level data are nested, with some variables varying only by Congress (biannually). I therefore use a hierarchical model.

The second set of statistical tests, relating to data on legislator votes, required a slightly different specification. The dependent variable is a binary measure of a legislator’s vote on

¹⁵This matches measures used in previous work, including Epstein and O’Halloran (1999). Some previous research has measured majority-party variation by calculating the preference distance between the majority median and the floor median (Cox and McCubbins 2002). However, such a measure automatically incorporates aspects of both inter-party and intra-party variation, and the theory requires that I measure those concepts separately.

a given bill. Therefore, I test these hypotheses using a logit model with standard errors clustered by Congress.

The estimating equations for both models are reproduced below. Recall from Hypothesis 1 that the interaction of high *majority-party heterogeneity* and high *inter-party distance* maximizes fragmentation. This is because the combination of these conditions increases the probability that agenda-setters will reach for side payments, diverting funds to small agencies and inadvertently fragmenting the budget. The model I specify, therefore, considers the interaction between the measures of intraparty heterogeneity and interparty distance, as below:

$$\begin{aligned} \text{Fragmentation}_t = & \beta_{0t} + \beta_{1t}\text{MajoritySD} + \beta_{2t}\text{PartyDistance} + \\ & \beta_{3t}\text{MajoritySD} * \text{PartyDistance} + \beta_{4t}\text{Controls} + \epsilon_t \end{aligned}$$

In this model, I am most interested in the coefficient on β_3 , which represents the coefficient when *both* inter-party *and* intra-party divisions are high. β_1 represents the coefficient for majority-party heterogeneity when the two parties are perfectly aligned. In this case, I expect vote-buying to be minimal, because agenda-setters have a variety of legislators to work with, from both parties. β_2 is the coefficient on interparty distance (the difference between party medians) under completely homogeneous parties. Once again, this case should not result in much vote-buying, because partisans will vote with their leader, and the majority party will prevail.

For the legislative voting model, Hypothesis 2, the estimating equation also includes an interaction term. Although I expect moderate legislators overall to be less likely to vote for a given bill, I expect vote-buying to change their calculus. Diverting funding to smaller agencies that represent a specific set of interests and policies will increase the likelihood that majority-party moderates support a bill. The estimating equation for the legislator voting

model is below, with the coefficients varying on the legislator-year (it), with the exception of time fixed effects (δ_t) and state fixed effects ($State_i$).

$$Vote_{it} = \beta_{0it} + \beta_{1it}Moderation + \beta_{2it}Fragmentation + \beta_{3it}Moderation * Fragmentation + \delta_t + State_i + \epsilon_{it}$$

Once again, the coefficient of interest is β_3 , which in this model represents the interaction between bill fragmentation and the moderation of the policymaker. I expect this coefficient to be significantly positive. If anything, I expect β_2 , the coefficient for non-moderate legislative votes on fragmented bills, to be negative. This is because non-moderate legislators will become increasingly vexed when they see moderates receiving special favors in foreign aid bills, decreasing their support (Evans 2004). β_1 , the coefficient for moderate voters on bills that do not represent any pet projects, should also be negative, although other pet projects may be represented elsewhere.

6 Results

The results bear out the theory's expectations: foreign aid fragmentation is highest in years in which vote-buying should be maximized, and moderate legislators are disproportionately more likely to favor a fragmented bill.

6.1 Fragmentation

As expected, foreign aid appropriations are more fragmented during years in which the constellation of congressional preferences requires the most vote-buying. First consider the results of a set of models evaluating the relationship in Hypothesis 1. As Table ?? shows, the interaction between majority-party heterogeneity and party distance appears to be a key

factor in foreign aid fragmentation.

According to Model 1, a heterogeneous majority party alone is negatively associated with fragmentation in the resulting foreign aid bill. This is not surprising given the model's predictions: the more heterogeneous parties are, the more likely congressional leadership will be able to reach across the aisle to collect votes on a foreign aid bill. However, this changes when the minority party's distance makes bipartisanship difficult. As is clear in Model 2, the *interaction* between majority-party heterogeneity and inter-party distance is positively and statistically associated with greater levels of fragmentation. Models 3 and 4 show more robust support for this relationship. Controlling for several factors that should play a role in developing the foreign aid budget, the interaction between a heterogeneous majority and distant parties leads to greater levels of fragmentation in foreign aid bills. In all of these models, majority-party heterogeneity when parties are close together is negatively associated with fragmentation. Once again, this is understandable given that vote-buying should not be necessary when minority-party votes are available. This is also true of the coefficient on distant parties when the majority party is not heterogeneous. In these cases, majority-party leadership should find it easy to keep their own party in line without the prospect of vote-buying.

The role of other contributing factors on foreign aid fragmentation is also worth considering. First, conservative congresses and presidents are more likely to fragment aid than liberal ones. This is not particularly surprising given the timeline description in the Data section of this paper. It is probably a result of both the attempt to increase security assistance (especially through the Defense Department, such as the budgets Nixon was able to request) and a general distrust of USAID (as exhibited by George W. Bush). Indeed, Model 4 shows that the Nixon era was very fragmented. Surprisingly, however, one of the greatest levels of foreign aid fragmentation was observed during the Kennedy administration. This is probably a partial result of the pre-1961 agencies that were still holding on for dear life in the early Kennedy era. Surprisingly, military spending and war do not jump out as correlates

Table 1

	<i>Dependent variable:</i>			
	Fragmentation (% not appropriated through USAID)			
	(1)	(2)	(3)	(4)
Majority-Party Heterogeneity	-2.159** (0.899)	-7.337*** (2.731)	-10.258*** (2.876)	-9.875*** (3.119)
Inter-Party Distance	-0.034 (0.087)	-1.356** (0.668)	-1.646** (0.697)	-2.641*** (0.836)
Majority-Party Heterogeneity x Party Distance		7.658** (3.839)	10.126*** (3.705)	14.089*** (4.162)
War			-0.013 (0.017)	-0.040** (0.018)
Majority Size			-0.001 (0.001)	0.0004 (0.001)
Number of Agencies			-0.004 (0.005)	-0.002 (0.005)
Congress			0.297** (0.119)	0.197 (0.124)
Pres			0.031 (0.020)	
Total Aid			0.000*** (0.000)	0.00000*** (0.000)
Year			0.538 (0.366)	0.654 (0.571)
Year-Squared			-0.0001 (0.0001)	-0.0002 (0.0001)
Clinton				0.061 (0.088)
Ford				0.060 (0.051)
H.W. Bush				0.028 (0.067)
Johnson				0.209** (0.096)
Kennedy				0.244** (0.116)
Nixon				0.255*** (0.071)
Obama				-0.186 (0.143)
Reagan				0.011 (0.054)
W. Bush				0.071 (0.113)
Constant	0.805*** (0.208)	1.722*** (0.500)	-520.598 (363.271)	-646.593 (569.130)
Observations	56	56	56	56
Log Likelihood	78.255	82.427	46.576	41.700
Akaike Inf. Crit.	-146.510	-152.854	-65.152	-39.400
Bayesian Inf. Crit.	-136.384	-140.702	-36.797	5.158

Note:

*p<0.1; **p<0.05; ***p<0.01

of fragmentation in these models. Finally, the conventional wisdom that fragmentation is increasing over time appears to be generally true, although any time trends are drowned out by the other independent variables.

It is difficult to interpret the coefficients in an interaction without a bit more context. Figure 10 provides an interaction plot showing the effect of the Majority-Party Heterogeneity variable on the coefficient of Inter-Party Distance, based on Model 2 above. The coefficient on Inter-Party Distance is negative and significant when Majority-Party Heterogeneity is also low. However, the coefficient rises significantly as the majority party becomes more heterogeneous. By the time Majority-Party Heterogeneity reaches its first-quartile value of .16, the coefficient of Inter-Party Distance is indistinguishable from zero. Finally, at high values of Majority-Party Heterogeneity, the coefficient of Inter-Party Distance on Fragmentation is positive and significant. The points at which the coefficient of Inter-Party Distance is either significantly less than zero or significantly greater than zero represent 26 cases, or slightly less than half of all observations.

6.2 Moderate Voting

The second set of models provide another source of confirmation for the theory. As Hypothesis 2 predicts, moderate legislators, especially within the majority party, are more likely to vote for a fragmented bill than an unfragmented bill. This is true even controlling for the party that is in control of Congress. Table 2 below breaks down the results into two sets of models. Models 1-3 include all legislators. Models 4-6 restrict the observations to the majority party, where the effect size should be greater. In all models, the unit is the legislator-year.

Model 1 and especially Model 4 support earlier work by Minozzi and Volden (2013) and others that moderate legislators are the least likely to support their party's agenda. Note that the coefficient on legislator moderation increases dramatically when only the majority party is considered. As expected, moderate voters' relative unwillingness to support a bill is

Table 2

<i>Dependent variable:</i>						
Vote on Foreign Aid Bill						
	All Legislators			Majority Party		
	(1)	(2)	(3)	(4)	(5)	(6)
Moderate	-0.368*** (0.095)	-11.788*** (1.006)	-12.325*** (1.069)	-4.190*** (0.143)	-30.152*** (1.628)	-31.400*** (1.732)
Fragmentation	4.085*** (0.302)	3.978*** (0.306)	22,286,719** (8,719,349)	0.364 (0.446)	-2.353*** (0.490)	5,743,146 (20,589,918)
Moderate x Fragmentation		20.957*** (1.835)	22.637*** (1.954)		46.879*** (2.894)	50.657*** (3.066)
Year FE			Y			Y
State FE			Y			Y
Republican			-0.860*** (0.038)			
Intercept	-1.775*** (0.166)	-1.710*** (0.168)	-12,295,661** (4,810,495)	0.927*** (0.245)	2.460*** (0.274)	-3,168,513 (11,359,530)
Observations	16,100	16,100	16,100	9,418	9,418	9,418

Note:

*p<0.1; **p<0.05; ***p<0.01

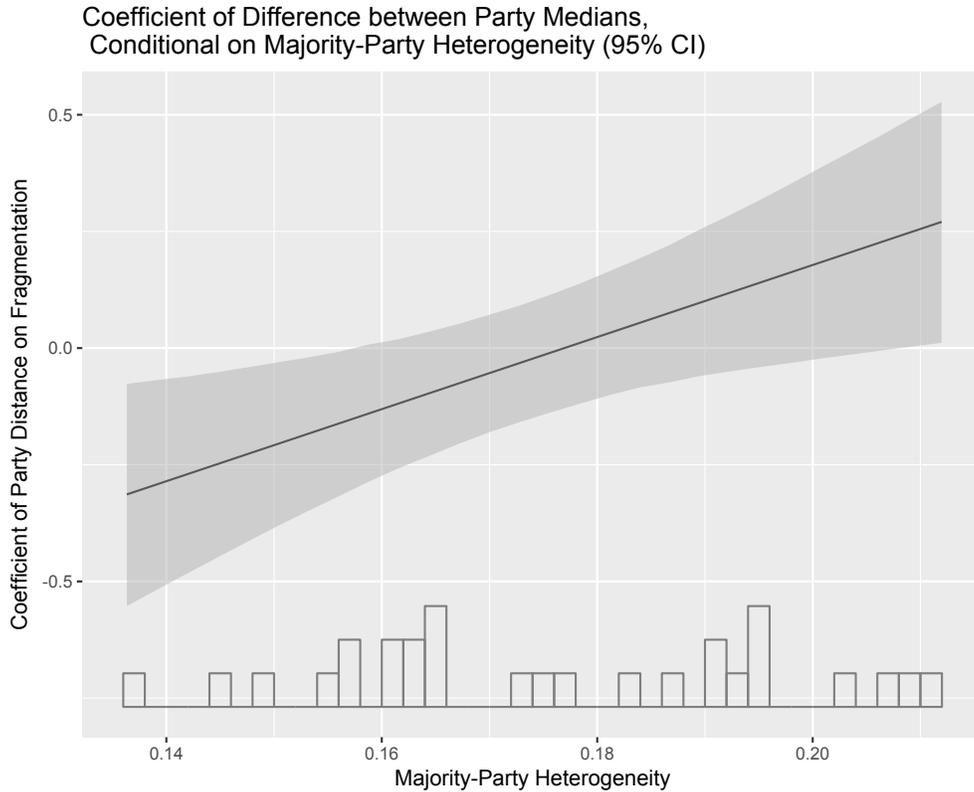


Figure 10: The coefficient of party distance on foreign aid fragmentation varies depending on the level of majority-party heterogeneity (Model 2).

driven by the majority party.¹⁶ Additionally, Model 1 suggests that the vote-buying process that leads to a fragmented bill is effective: legislators as a whole are more likely to vote for a bill the more fragmented it is. However, this voting propensity does not apply to all legislators equally. Models 2 and 3 show mixed results concerning which legislators are most likely to support a fragmented bill. However, Models 5 and 6 put that confusion to rest by once again focusing on the majority party. Majority-party legislators who are not moderate are more likely to vote for a bill in general, but they are significantly *less* likely to vote for a bill that is fragmented. On the other hand, majority-party moderates are more likely to vote for those bills. Although the minority party may have a mixed reaction to the side payments that lead to fragmentation, the majority party's position is clear: the moderate legislators

¹⁶In a separate model not shown here, the coefficient on moderation for minority-party legislators is positive and significant.

who win out through the vote-buying process are more likely to support the bill, while the same process may lose the votes of other members of the majority party.

Once again, these coefficients are easier to interpret through an interaction plot with predicted values, and that is what I present in Figure 11, drawing from Model 5 above. In this plot I separate majority-party moderates (defined as legislators whose DW-Nominate falls to the right (for Democrats) or the left (for Republicans) of their party median) from party non-moderates and calculate each group's predicted probability of voting in favor of a bill given the bill's level of fragmentation. According to this figure, a non-fragmented bill would gain almost unanimous support from party extremists and some support from moderates as well. However, as fragmentation increases, moderates become more likely to vote for the bill, while extremist support wanes. At a hypothetical fragmentation level of .55 (slightly below the mean value), the two groups overtake each other, with moderates supporting the bill at greater levels. This trend continues into higher levels of fragmentation.

7 Conclusion

The results support the conclusion that foreign aid fragmentation is a byproduct of vote-buying by congressional agenda-setters attempting to craft a foreign policy agenda. Fragmentation is at its highest in years when vote-buying should be most necessary: when the majority party is heterogeneous and parties are divided. What's more, moderate legislators are drawn toward bills that include more pet projects, and therefore, are more fragmented. This indicates that these moderates are disproportionately benefiting from the congressional bargaining process that leads to fragmentation. This finding replicates and builds upon previous work in distributive politics: although majority-party moderates are *overall* the least likely to vote with their party, vote-buying disproportionately attracts their votes.

These results may also be generalizable outside the US. Globally, much of the heterogeneity in aid fragmentation appears to come from the domestic donor level. Donor states

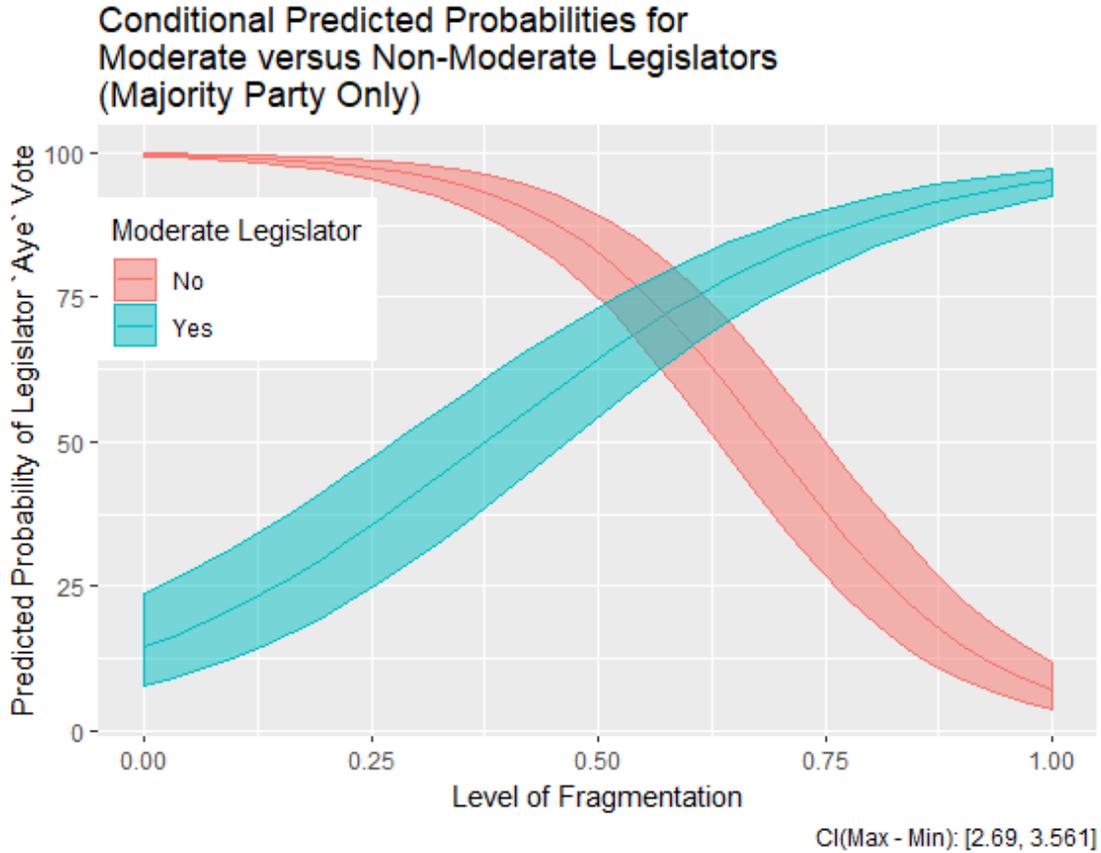


Figure 11

fragment their budgets, which contributes to the overall fragmentation on a global level. However, donor states fragment their budget differently over time, suggesting domestic-politics motivations. This paper explains how fragmentation of foreign aid budgets can be directly attributed to vote-buying in a legislature.

One important implication of this work is that fragmentation may be a necessary evil to make aid funding feasible. If the alternative to a fragmented aid budget is no aid budget at all, then policymakers should begin to consider which option they find more palatable. Similarly, if fragmentation is a substitute for other vote-buying tools, such as earmarks, then policymakers should begin to objectively evaluate which substitute tool makes for better policy outcomes.

This research adds to the literature on congressional vote-buying in several ways. First,

by considering novel ways that leadership may purchase votes, it suggests that previous work may have underestimated the outlays that parties provide to supporters. If earmarks and campaign contributions are indeed substitutes for allocations to pet-project agencies, then the latter may have been replacing the former. Second, the potential substitution effect of earmarks and fragmentation suggests that the recently increasing opposition to earmarks could be driving further government fragmentation. If leaders are forced to use new means to buy votes, then streamlined policy could be a casualty of tighter budgets. This raises new normative implications for the costs and benefits associated with earmarks.

Because these findings support evidence that previous vote-buying scholars have collected in other policy domains, it is likely that the theory is generalizable. Foreign aid is not the only policy domain with district-level beneficiaries. It is also not the only policy domain that has suffered criticism for its fragmented nature. Fragmentation of policy instruments pervades much of US government today, even outside of foreign aid. A much-publicized 2011 report by the Government Accountability Office (GAO) brought to light dozens of examples of inefficiencies caused by government fragmentation in foreign aid and elsewhere (Dodaro 2011). Since then, leaders from both parties have been struggling and campaigning to clear up the bureaucracy. However, their efforts have done little to pinpoint the root causes of the problem and have therefore been ineffective. This research suggests that policymakers may have been going about it the wrong way. As government waste increases in salience, both in political campaigns and in congressional oversight, it is up to the political science community to begin seriously questioning the causes of this phenomenon. Public understanding of the roots of the problem will give Congress more room to provide inventive and evidence-based solutions.

Although this study does not offer hypotheses or statistical tests on how to *reverse* the process of bureaucratic fragmentation, it lays the groundwork toward suggesting potential ways forward for policymakers. If Congress wishes to better control agencies, leadership must consider the full consequences of how it is overcoming legislative hurdles. In order to

create more streamlined foreign policy, leadership has a few options. Congress can create institutions further limiting the domestic policies relevant to foreign aid. This would decrease the number of dimensions on foreign aid votes, thus making intra-party compromise easier. Alternatively, leadership can further attempt to increase bipartisanship, attracting votes from the minority party. Although our government appears a long way off from taking these policy steps, the first step is know the sources of the problem.

8 Appendix

Existing US Foreign Aid Datasets

Typical measures of foreign aid disagree on which components of aid to include or exclude. Until recently, most foreign aid data used Official Development Assistance (ODA) as the typical measure of foreign aid. Recently, the use of ODA has given way to Country Programmable Aid (CPA), which specifies the aid over which a host country may have some influence, as the preferred aid measure. CPA excludes many categories that could be considered foreign aid, such as debt relief, food aid, and most importantly, aid that does not come from the donor’s main aid agency.¹⁷ This limits the utility of CPA for creating an agency fragmentation measure. While CPA and ODA are useful for considering aid from the *recipient* perspective, this paper focuses on aid from the *donor* perspective, which includes aid that is used for foreign policy purposes. A measure of foreign aid fragmentation from the donor perspective should include whatever the donor state defines as foreign aid.

A recent push by the US government has made government-released foreign aid data increasingly transparent and reliable.¹⁸ Although these efforts have increased data reliability in the 21st century, much in-depth foreign aid expenditure data is either lost to history or remains to be dug up.

The state-of-the-art dataset of US foreign aid expenditures is the USAID data development library (DDL) platform. The creation of this platform has rapidly increased data availability and precision over the past decade (Ziadeh 2016). However, the agency-level data are inconsistent over time and difficult to interpret. USAID’s online platform only reports implementing agency data going back to 2001 (EADS 2015). Its downloadable data are much more detailed, with in-depth records even beyond 1961. However, as these data move further back in time, they become increasingly imprecise. “Unknown” and “USAID

¹⁷For more on CPA, see <http://www.oecd.org/development/effectiveness/countryprogrammableaidcpafrequentlyaskedquestions.htm>.

¹⁸See, for example, the 2016 Foreign Aid Transparency and Accountability Act (Saldinger 2016) and the Department of State’s efforts since 2004 (McMahon 2007).

Greenbook” (the name of an historical data source) are listed as the most common “agencies” in the early years of the USAID DDL data. It should come as no surprise that this is problematic for anyone seeking an unbiased record of changes over time. As data reporting standards have improved over time, so has the precision of agency-level data. Even if no changes to fragmentation were made over the past decades, USAID’s DDL would erroneously report increasing fragmentation, due to changing data quality standards over the decades.

Moreover, aid expenditure data reported through USAID are noisy and don’t always correctly represent bureaucratic fragmentation. For example, many US agencies use their expertise to serve in a foreign aid contractor role under USAID and other large agencies. For example, the US Postal Service (USPS) has consulted with USAID and the Department of Defense on several mail security projects. USAID’s DDL reports these projects as being independently run by USPS. However, collaborations such as these, in which smaller agencies report directly to USAID, which then transfers remittances back to the contractor agency, do not fit into the definition of fragmentation because agencies are not acting independently. The hierarchical structure of these contractor relationships, and the centralized responsibility of USAID (and other contractor agencies) avoids the problems associated with fragmentation.¹⁹ An increase in within-government contracting does not represent an increase in bureaucratic fragmentation. The USAID DDL’s inclusion of programs such as these finds fragmentation where it does not exist. At best, this leads to random noise, and at worst, it will systematically bias fragmentation measures in years when within-government contracting was high.

Another source of noise in the DDL data is its sensitivity to bureaucratic vagaries. The executive branch with its various layers of bureaucracy has a lot of input into actual spending and delegation decisions, making policy outcomes a noisy measure of congressional will. A cleaner measure of US government intentions for the purpose of this work is the content of the legislation that comes directly from Congress.

¹⁹In fact, these relationships might provide a template for overcoming foreign aid fragmentation.

Further Detail on Bill Coding

I read the appropriations bills and turned every line item mentioned into a column in the resulting dataset. For example, if a paragraph of the appropriations bill were to read:

FOREIGN MILITARY FINANCING PROGRAM

For expenses necessary for grants to enable the President to carry out the provisions of section 23 of the Arms Export Control Act, \$3,650,000,000: Provided, That of the funds appropriated under this heading, not less than \$2,040,000,000 shall be available for grants only for Israel, and not less than \$1,300,000,000 shall be made available for grants only for Egypt.

I would code the program as Foreign Military Financing (FMF), a part of the Department of Defense, and the total amount of aid as \$3,650,000 (in the unit of 1000 USD). This process provided me with a list of every program that Congress has funded since 1961, which I later aggregated to determine the dollar amount to which Congress funded each independent agency in each year.

Control Variables and Summary Statistics

I control for a few crucial variables in several models. First, because much of the change in foreign aid happens over time for various reasons, I include linear and non-linear time trends (Year and Year-Squared). Also, because fragmentation may simply be a reflection of an increased aid budget, I include controls for the total nominal dollar amount of foreign operations appropriations (Total Aid). Additionally, US foreign aid increases when the country is at war and may increase due to the partisanship of Congress, so I include binary measures of whether or not the United States was at war in the given year (War), total US military spending according to the SIPRI database (Military Spending) and the mean DW-Nominate score of Congress (Congress). Similarly, as is clear from the time trends above, the partisanship of the president is important. I therefore control for the DW-Nominate score (President) and party of the president (President Repub.), along with a model that includes president fixed effects. For obvious reasons, it seems likely that when more agencies

exist (whether for endogenous or exogenous reasons), funding will be spread more thinly. Because of this, I control for the total number of agencies mentioned in the appropriations bill. Finally, the heterogeneity of the majority party is undoubtedly correlated with its size, so I control for the size of the majority party in the House, to ensure that is not driving the findings.

Table 3 below summarizes the independent and control variables used for both sets of models.

Table 3

Statistic	N	Mean	St. Dev.	Min	Max
Majority SD	56	0.18	0.02	0.12	0.21
Party Difference	56	0.71	0.21	0.47	1.12
War	56	0.42	0.50	0	1
Majority Size	56	252.8	22.2	199	299
Number	56	22.5	5.25	10	31
House Repub	56	0.27	0.45	0	1
President Repub	56	0.51	0.51	0	1
Total Aid (mil USD)	56	11,555	8,197	1,977	30,762
Moderate	16,109	1.134	0.246	0.000	1.466

Tobit Models

For the sake of brevity, the main body of the paper does not include the relevant tests using a Tobit models, due to the bounded nature of the dependent variable. The results for the Tobit models and the alternative specification for bureaucratic fragmentation are below.

<i>Dependent Variable:</i>	Not USAID		
	Model 1	Model 2	Model 3
(Intercept):1	0.77 (0.17049)	1.64721 (0.28505)	-226.42 (298.76)
(Intercept):2	-2.66631 (0.09535)	-2.77542 (0.09535)	-3.20 (0.10)
Maj SD	-1.93116 (0.70913)	-7.01194 (1.52606)	-9.65 (1.85)
Party Distance	-0.03944 (0.07586)	-1.24907 (0.33722)	-1.27 (0.43)
War			0.01 (0.02)
Maj. Size			-0.00 (0.00)
Number			0.00 (0.00)
House			0.10
Repub			(0.03)
President			0.04
Repub			(0.02)
Total Aid			0.00 (0.00)
Year			0.24 (0.3)
Year-2			-0.00 (0.00)
Maj SD		7.20010	8.49
X Distance		(1.96596)	(2.34)

Note: ⁴⁷ Standard errors in parentheses.

Voting Models

The voting models shown in Table 2 show the interaction between legislator moderateness and bill fragmentation for majority-party legislators. These findings are robust when minority legislators are included in the analysis. As Table 4 below shows, these results hold for the minority party. In this case “Moderate” is defined as the difference between the party median DWNominate score and the legislator’s score (for Republicans) and the difference between the legislator and the party median (for Democrats). This results in a positive measure for legislators whose preferences fall on the inside of the party median and a negative otherwise. Also interesting is the fact that, unlike the majority party, extremists in the minority party also appear more likely to vote for fragmented bills. Perhaps vote-buying is going even further than expected in some of these cases.

Table 4

<i>Dependent variable:</i>			
Vote on Aid Bill			
	(1)	(2)	(3)
Moderate	-0.393*** (0.094)	-11.788*** (1.006)	-12.309*** (1.069)
Fragmentation		3.978*** (0.306)	17.357*** (5.620)
Moderate x Fragmentation		20.957*** (1.835)	22.609*** (1.954)
Year FE			Y
State FE			Y
Republican			-0.862*** (0.038)
Constant	0.460*** (0.016)	-1.710*** (0.168)	-8.902*** (3.005)
Observations	16,100	16,100	16,100
Log Likelihood	-10,742.790	-10,581.180	-9,305.516
Akaike Inf. Crit.	21,489.580	21,170.360	18,779.030

Note:

*p<0.1; **p<0.05; ***p<0.01

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